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July 13, 2018

General Counsel Beth Heline
Indiana Utility Regulatory Commission
101 West Washington Street, Ste. 1500 E
Indianapolis, IN 46204

Via: URCComments@urc.IN.gov

Re: IUSF-Broadband Study

Ms. Heline:

AARP Indiana welcomes the opportunity to participate in this important proceeding, and, with this filing, to reply to the initial comments that were submitted pursuant to the General Administrative Order 2018-3, issued May 16, 2018, by the Indiana Utility Regulatory Commission (“IURC” or “Commission”). Commission staff is seeking comments from service providers, customers, and interested stakeholders to assist it in preparing a study on the Indiana Universal Service Fund (“IUSF”) and the potential use of the IUSF to support broadband deployment to rural communities, as directed by the Legislature in House Enrolled Act 1065 (P.L. 177-2018).

The benefits of broadband internet access to older adults are well-recognized. Affordable, reliable internet access helps older adults to age in place productively and safely with a higher quality of life than would otherwise exist, by supporting access to telemedicine, civic engagement, entertainment, on-line learning, and other internet-based applications that address isolation and health challenges. For these reasons, AARP Indiana appreciates the opportunity to contribute to the state’s continuing efforts to ensure that all households, businesses, and communities have access to reliable, affordable internet access.

Of the estimated 6,666,818 people in Indiana, 14.9% (approximately 993,000) are 65 and older.¹ AARP Indiana’s membership includes 843,000 members age 50 and older. AARP is actively engaged with states’ development of broadband policy throughout the country, seeking to identify and advocate for measures that will address barriers to broadband adoption by older adults. Based on AARP’s research, we believe that the major barriers include:

¹ <https://www.census.gov/quickfacts/IN>.

1. Lack of familiarity with the requisite technology (computers, use of the internet, etc.);
2. Lack of understanding of the relevance of broadband internet access to everyday life;
3. Physical disabilities;
4. Lack of availability of broadband internet access in one's community; and
5. Limited disposable income.

Indiana's legislatively mandated study addresses the fourth barrier listed above – namely, lack of availability of broadband internet access. AARP Indiana fully supports efforts by the state of Indiana and by the IURC to overcome this major barrier to adoption (and to overcome the other four barriers as well, if not in this proceeding then in another policy making context) and stands ready to assist in this pursuit.

Background

The Commission describes the purpose of this proceeding in its General Administrative Order, 2018-3, dated May 16, 2018. The Indiana General Assembly enacted House Enrolled Act 1065 ("HEA 1065"),² which was signed into law by Governor Eric Holcomb, effective March 21, 2018, as Public Law 177 ("P.L. 177-2018"). Section 13 of HEA 1065, P.L. 177-2018, requires the Commission to conduct a study ("IUSF-Broadband Study") regarding the Indiana Universal Service Fund ("IUSF") and broadband deployment and to issue a final report to the Interim Study Committee on Energy, Utilities, and Telecommunications no later than October 1, 2018.

The Commission acknowledges that Indiana Code § 8-1-2.6-1.1 expressly prohibits the Commission from exercising jurisdiction over broadband service; and that notwithstanding Indiana Code § 8-1-2.6-1.1, § 8-1-2.6-13, and § 8-1-32.5-6, Section 13 of HEA 1065, P.L. 177-2018, allows the Commission to request information from service providers and customers only for the purposes of the IUSF-Broadband Study. The Commission delegated "its authority under HEA 1065, P.L. 177-2018, to Commission staff to study and prepare a final report on the IUSF and broadband deployment through an open, transparent process in which interested stakeholders may submit information and written comments to the Commission staff."

The legislation requires the Commission to study the following topics:

1. The types of service on which the IUSF surcharge is imposed.
2. The types of service for which disbursements from the IUSF may be used.
3. The eligibility requirements for service providers to receive disbursements from the IUSF.
4. Broadband deployment (expansion and improvement of access to broadband services).
5. Any other matter concerning universal service reform that the Commission considers appropriate.

² [House Enrolled Act 1065](#).

The IURC's website provides background information on the IUSF.³ The IUSF, which is funded through a surcharge on customers' intrastate landline and wireless telephone services, supports small rural incumbent local exchange carriers ("ILECs") "in hopes of ensuring the continued deployment and maintenance of universal telephone service to all areas of the state at competitive rates."⁴ The IURC's website states, among other things:

One of the most difficult problems facing policy makers today involves finding ways to provide sufficient and appropriate incentives to entice providers to deploy broadband networks in rural and high-cost areas and to low-income customers where the economics do not support competitive delivery. The cost to deploy broadband facilities to rural and sparsely populated areas of the state is significant, and the IUSF and other sources of funds are being considered by policy makers as possible mechanisms that could act as a catalyst to spur deployment.

The website also observes that, in 2016, the federal universal service fund distributed over \$125 million in support to serve high-cost areas to 45 Indiana incumbent and competitive local exchange carriers eligible for the program.

Initial Comments

Initial comments were submitted to Commission staff by dozens of individuals (including, for example individuals from the Franklin County Economic Development Commission, Hartford City Public Library, a farmer, a software developer, Director of Curriculum, Technology & Assessment Northwestern School Corporation, a Butler City Councilman, and many others) as well as by various organizations and associations. For the most part, the comments, point to the lack of broadband altogether or to the lack of broadband at reasonable speeds in parts of Indiana. They also underscore the importance of reliable adequate broadband internet access to the economic development and well-being of businesses and households in Indiana. Excerpts from comments, including from those filed by individuals, are included throughout these reply comments, because they express concerns that are consistent with those that AARP Indiana has raised in its state broadband advocacy.

Because the IUSF is funded through surcharges on consumers' telephone bills, consumers directly bear the cost. This is presently the case for the IUSF used to support voice telephone service in high-cost areas, and it would also be the case if funds were redirected to support broadband in areas where service is not being provided on an unsubsidized basis. It is appropriate that state policy makers ensure that these funds are used prudently. Some commenters oppose using the IUSF to support broadband deployment, characterizing such USF assessments as a "tax." Although AARP Indiana supports the use of public monies to support well-considered broadband deployment, AARP Indiana understands that the Commission must be sensitive to concerns associated with imposing any fee or assessment (directly or indirectly)

³ <https://www.in.gov/iurc/3010.htm>.

<https://www.in.gov/iurc/files/Handout%20-%20Indiana%20Universal%20Service%20Fund.pdf>.

⁴ <https://www.in.gov/iurc/3010.htm>.

on consumers. Nonetheless, as broadband is now clearly a necessary service for accessing a broad range of 21st century services and activities, AARP Indiana supports the use of public monies to help bring broadband deployment to locations where private investment has failed to yield ubiquitous broadband service.

The balance of these reply comments is organized to parallel the five topics that the Legislature has instructed the Commission to address. The first two questions are addressed in reverse order, as the types of service on which the IUSF surcharge is imposed should be directly influenced by the types of service that are supported.

The types of service for which disbursements from the IUSF may be used.

Many commenters recognize the need for Indiana's USF program to follow the lead of federal USF by transitioning support from voice services to broadband services.⁵ AARP Indiana concurs with the Brown County Broadband Task Force that the transition of the FCC's universal service fund from a phone-based subsidy to a broadband-based subsidy creates "a clear precedent for the state to recognize the need to transition from a telephony based to a broadband based Indiana Universal Service Fund support for under connected communities."⁶

One key policy question, however, concerns the definition of broadband that Indiana should use when awarding public monies. Numerous commenters pointed out that the speed of "broadband" in their communities is extremely slow and does not support current-day applications.

Broadband speeds need to be fast enough to accommodate evolving needs: In order for public money to be well-spent, there must be an appropriate standard for broadband speeds supported by USF. One commenter explains why the FCC's Connect America Fund benchmark of 10 Mbps/1Mbps is inadequate to support today's internet applications and describes the importance of adequate broadband to her farming community; she also makes a compelling case for encouraging rural electric cooperatives to participate in enhancing the state's broadband infrastructure:

Our farm is dependent upon reliable and fast internet access. I use internet access to access my bank accounts, pay farm bills, and communicate with vendors. My son uses the internet to track the markets and place orders for seed, fertilizer, etc. We both communicate with each other and share data about the farm operation via DropBox. However, in order for our farm operation to grow, we need

⁵ The Indiana Exchange Carrier Association, Inc. ("INECA"), which represents 33 local exchange carriers, and the Indiana Broadband and Technology Association ("IBTA"), which has overlapping membership with INECA but that also includes other companies such as AT&T, CenturyLink and Frontier, state that the IUSF, which was originally put in place to replace lost intrastate revenues as a result of mirroring interstate access charges, is not the appropriate funding mechanism for broadband.

⁶ See also the comments of the Association of Indiana Counties, which "supports use of the Indiana Universal Service Fund for broadband deployment into unserved and underserved areas of the state. As technology evolves, continued use of the USF should also evolve to assist in deployment of broadband service to all Hoosiers. The original purpose of the IUSF to assist in cost effective deployment of telephone service would be served in its natural successor, broadband internet service."

significantly faster internet access. We are currently installing a new scales system for our semi trucks [semi-trucks]. Each truck will be supplied with a device which automatically communicates with that scales [system]. That communication occurs over our broadband account. We are also installing security cameras and other monitoring equipment both for the safety of the farm and to monitor activity on the farm. Each of these cameras will communicate wirelessly to a central location. Additionally, our ability to share large files, such as field or equipment schematics, is hindered by our slow internet speed.

...

As the pioneers of rural electrification in my grandmother's time, the REMCs have proven to be well-organized providers who have both the reach and the technological capacity to deploy fast broadband internet to rural homes and businesses. Unfortunately, in the 21st Century, they lack the financial resources or government backing (either in funds or facilitation) to make this an achievable goal. Yet, commercial deployment (via CenturyLink, etc.) of reasonable broadband to the rural area is widely considered to be financially 2 [too] unfeasible. We need to find a result that pushes adequate speeds to the rural businesses and home so that Indiana Agriculture can continue to be the world presence that it has been for decades.

Please consider making rural broadband speeds of at least 50 Mbps to the last mile a priority, and please consider recommendations which would make installation of rural broadband at adequate speeds achievable by our local REMC providers.⁷

Another commenter states: “Our only Internet Provider is Frontier. There is no cable access available. My best speed available is 1.5 Mbps download and .36 upload. I have called Frontier checking on availability of higher speed and am told that we have the highest speed available. By today’s standards my speed is less than [S]tone [A]ge.”⁸

These comments are consistent with what AARP Indiana has heard from its members about the need for broadband speeds to continue to increase as applications evolve and require increasing amounts of bandwidth. Currently, Indiana law references speeds as low as 384 kbps as “broadband,”⁹ well below either of the current Federal Communications Commission (“FCC”)

⁷ Miriam Robeson.

⁸ Roger & Janice Mayer.

⁹ Indiana Code Sec. 5-28-33 authorizes broadband mapping and its origin may be linked to the state’s applications for funding under the federal Broadband Data Improvement Act and the American Recovery and Reinvestment Act of 2009. Among other things, the statute states: “As used in this chapter, ‘high speed Internet service’ means a connection to the Internet that provides capacity for transmission at an average speed of at least three hundred eighty-four (384) kilobits per second downstream, regardless of the technology or medium used to provide the connection.” It also sets forth three different broadband tiers to define availability: (1) no broadband or broadband at less than 200 kbps; (2) 200 kbps up to and including 1.5 mbps; and (3) broadband generally.

broadband benchmark speeds.¹⁰ The FCC has recognized that broadband benchmarks should be adjusted upwards every several years in order to keep pace with the needs and expectations of users. Indiana should adopt benchmarks for supported services that are at least as fast as the FCC's broadband definition (25/3) and should make provision for increasing the benchmark periodically, to levels consistent with a forward-looking Indiana broadband vision.¹¹

The types of service on which the IUSF surcharge is imposed.

Presently, the IUSF is assessed on intrastate telephone and wireline services. However, as customers have diversified their platforms for communications, the revenue base for these services has shrunk. In order to produce an adequate revenue base for an IUSF that provides support for broadband services, it is important to spread the surcharge on as broad and competitively neutral a basis as possible. The Commission should, thus, recommend that the Legislature permit an IUSF surcharge to be imposed on all services that support two-way voice communication, including broadband services. Otherwise, it will be difficult to raise sufficient funds to make a meaningful contribution to broadband funding. Additionally, it is neither reasonable nor appropriate to place the entire burden of supporting broadband on voice wireline customers, and doing so will create artificial incentives for them to shift away from such services.¹²

In initial comments, some insist that private markets and not any government-directed program should be relied upon to extend broadband to unserved areas.¹³ These comments bear both on the question of whether broadband should be a supported service (Question 2) and whether a user fee is the appropriate mechanism to provide such support (indirectly, Question 1, as the commenters oppose user fees as a means of funding IUSF).

¹⁰ 10 Mbps downstream/1 Mbps upstream are the required minimum speeds that providers receiving Connect America Fund ("CAF") subsidies must offer. <https://www.fcc.gov/consumers/guides/connect-america-fund-phase-ii-faq>. However, other than in the specific context of the CAF, the FCC has defined broadband as 25 Mbps downstream /3 Mbps upstream. In the Matter of Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, GN Docket No. 17-199, 2018 BROADBAND DEPLOYMENT REPORT, Released: February 2, 2018, para. 15.

¹¹ See comments of Brown County Broadband Task Force, stating that "eligibility requirements should be greatly expanded to include all service providers able to meet the FCC Broadband standards, 25 / 3 Mbps." Michael A. Laros, Chair, Brown County Broadband Task Force.

¹² By contrast, INECA and IBTA support maintaining the status quo regarding the types of service upon which the IUSF surcharge is imposed.

¹³ See, e.g., Comments of Scott Hampton: "Until broadband expands it's (sic) reach to the more remote areas, people like myself will seek out residence where broadband is currently available, and will be no worse off for doing so. Let the process happen on it's (sic) own;" Karl D. Madsen: "Regulatory agencies should stay out of high-speed broadband ("broadband") network administration. Free market forces should direct availability, speeds, pricing, ownership, technology, and governance. They should succeed or fail like any other business;" Casey Wells: "If people in rural areas want high speed internet and their (sic) is a market, a company will fill that void. Otherwise, those citizens should move to an area that currently has high speed internet. My tax dollars should not go towards subsidizing infrastructure for rural Indiana;" and Scott Emery: "I could see a need for School work. But businesses will locate to where there is high speed internet, not expect or demand it to come to them. The others, for the most part, are conveniences, not needs. How much should the rest of the public pay, in the form of taxes, for someone else's conveniences?"

AARP Indiana respectfully disagrees with those who recommend that government simply let the market work to fill in the gaps in broadband deployment. Broadband deployment began in Indiana roughly two decades ago, yet private markets have failed to produce reliable broadband internet access at reasonable speeds in many Indiana communities. Targeted subsidies have long been employed to assist in expanding utility-type services, such as electricity and telecommunications, to high-cost rural locations. As market forces have not produced universal broadband availability, some prudent and tailored government involvement would seem necessary and desirable. Among other approaches, AARP encourages states to create favorable conditions for fostering the participation of municipalities and rural electric cooperatives in broadband deployment.

The eligibility requirements for service providers to receive disbursements from the IUSF.

The IUSF currently provides subsidies to rural ILECs. As the state deliberates on how best to ensure that all communities have access to broadband at reasonable speeds, it is important to consider broadening the eligibility for public subsidies to include other potential providers.

Municipalities and electric cooperatives have an important role in addressing broadband gaps. Accelerate Indiana Municipalities (“Aim”), which represents the cities and towns of Indiana, observe that the “citizens of several municipalities, particularly in rural areas, are without access to reliable or adequate internet service,” and states that it is “open to supporting new tools, funding, and regulatory mechanisms to expand service to these underserved areas and we applaud efforts to reach that goal,” recognizing that “[c]onnectivity is vital for our cities and towns to grow and thrive.”¹⁴ AARP Indiana is hopeful that Indiana, learning from examples throughout the country, can allocate technical, if not financial, resources to assist those rural municipalities and rural electric cooperatives that seek to deploy their own broadband networks where private investment has not occurred.

Comments filed by the Executive Director for Indiana Small and Rural Schools Association similarly urge the state to broaden eligibility for public subsidies:

We need to support and allow new providers to receive funding. These could be in the form of new co-ops set up in rural communities. Public and private partnerships should be eligible for all state grants and funding.

The big providers will oppose anyone new having the opportunity to get started in this business. They want a monopoly and want to control everything. We need open markets and support for entrepreneurs and non-profit cooperatives. Rural Indiana will solve this together if we do not allow the major providers to control the process.¹⁵

¹⁴ Rhonda Cook, Deputy Director- Chief Federal and State Policy Officer, Aim.

¹⁵ Christopher Lagoni, Executive Director, Indiana Small and Rural Schools Association.

Rural cooperatives have an important role in furthering a ubiquitous broadband infrastructure in Indiana. The Jackson County cooperative explains cooperatives' potential role and also points out the need for financial and technical assistance:

Jackson County REMC is familiar with the struggles of providing rural communities with a vitally important resource other entities would not provide. Jackson County REMC was formed 80 years ago by rural residents who banded together to personally invest in the necessary infrastructure to power their homes, farms and communities with electricity after being rejected by power providers who could not reconcile the value of building infrastructure that would not realize profits for their shareholders. To me, it is easy to compare the importance of investing in electric infrastructure in the 1930's with the importance of investing in true high speed broadband infrastructure today. As we were able to invest in necessary infrastructure to power our rural members, Jackson County REMC is uniquely positioned to leverage existing infrastructure investments to bring a true high-speed fiber to the home internet connection to ALL of our electric members.

...

Unfortunately, electric cooperatives still face a number of difficult barriers to deploying high-speed internet service, including a lack of accurate data about existing levels of broadband access in rural communities and a lack of access to capital and funding opportunities to reduce the financial burden and risk to non-traditional broadband deployment stakeholders.¹⁶

Another rural cooperative expresses its potential role in deploying broadband and also its need for financial assistance, stating:

I am writing to express our concerns over the lack of broadband internet services in rural Indiana, particularly Noble and DeKalb counties. The cable and phone companies refuse to provide broadband services outside of the incorporated city limits, as they see no incentive to serve these less-dense areas and no return on investment. We are seeing our youth move from rural Indiana to larger cities where they have access to broadband. We have real estate brokers telling us that housing is not selling without high speed internet.

We are at the point where Indiana's rural electric membership cooperatives, including Noble REMC, are investigating our role in broadband. As you know, it

¹⁶ Mark McKinney General Manager, Jackson County REMC. See id., stating: "Jackson County REMC was approved for RUS Electric Program funding for our fiber to the home SmartGrid project, but even with approval for a \$74 million low interest loan, we are still looking at a 17 year simple return on investment. How many businesses would take a 17 year ROI risk for its investors? Additionally, Congress appropriated approximately \$600 million in FY 2018 to RUS to increase funding opportunities for broadband deployment; however, the programs to which the appropriations will be directed have yet to be defined, sustaining a level of uncertainty at the federal level for interested parties seeking to launch broadband deployment projects. In my opinion, if these funds are administered by the FCC, rural electric co-ops will be again left out of these funding opportunities."

is a very expensive endeavor to get fiber to the home when you have less than eight homes per mile. If we continue to sit on our laurels hoping that someone else will eventually provide broadband to our rural communities, we will continue to see our population decline at unprecedented rates.

Rural electric cooperatives across the state, Noble REMC included, are contemplating taking the initiative to deploy rural broadband since the large telecoms and cable companies refuse to serve. We've done it before. We did it in the 1930s when investor-owned electric utilities refused to serve rural Indiana. We feel that broadband service today is as crucial as electricity was back then, and we may need to step up and make the investment to help these underserved and unserved areas. We are asking the IURC along with state, federal and local governments to provide financial relief or assistance in getting broadband access to our local communities.¹⁷

AARP Indiana fully supports the efforts of rural electric cooperatives to deploy broadband, especially where broadband providers have not yet done so and supports the use of public monies to provide technical and financial resources for this to occur.

Broadband deployment (expansion and improvement of access to broadband services).

It is important to develop a coherent state broadband policy so that any changes to the IUSF complement other state broadband initiatives. As pointed out by the Jackson County REMC:

The Indiana General Assembly has taken steps towards expanding the pool of capital available for broadband deployment projects by establishing the framework for a deployment project grant program, as outlined in House Enrolled Act 1065. The bill establishes criteria to guide the Office of Community and Rural Affairs in determining how to distribute funds appropriated to the Rural Economic Development Fund. Importantly, the bill designates tiers of available service that guide funding priorities so that broadband deployment projects in those areas of the state lacking access to the minimum high-speed internet speeds determined by the state (10 Mbps / 1 Mbps) receive funding ahead of projects designed to increase accessible speeds in those areas already meeting the state's minimum standard. The bill also requires OCRA to assess projects based on the maximum number of unserved people that will receive high-speed internet service per grant dollar awarded, as well as the scalability of the deployment project's technology to allow for higher speeds in the future. These are important considerations that, once funds are appropriated for the grant program, will have a considerable impact in narrowing the broadband access gap for rural Indiana.

Internet access is an essential service, yet it is not ubiquitously available at reasonable speeds: Comments submitted by many individuals regarding the internet's essential role in

¹⁷ Ron Raypole, President & CEO, Noble County REMC. See also comments of the Indiana Electric Cooperatives, Tom VanParis CEO and Scott R. Bowers, Vice President of Government Relations.

today's economy and society are consistent with AARP Indiana's view. A few examples of such comments follow:

- “If our society expects us to conduct business over the Internet and our students to do their homework using the Internet, everyone needs to have access to high-speed Internet that is affordable.”¹⁸
- “Rural internet isn't a luxury. It's a necessity. We spend countless hours every week waiting on our internet, which crashes frequently. This is no way to run a business.”¹⁹
- “Rural Indiana is being left behind economically due to lack of high speed internet service. Please help any way you can. The country works best when everyone has opportunities. Previous generations recognized this with their support of universal access to utilities like telephones and electrical utilities as I'm sure you already know. Thanks in advance.”²⁰
- “The lack of broadband in Brown County is crippling by all accounts. It contributes to the academic divide, continued health disparities, a connectivity divide, school enrollment decline, population decline, loss of workforce and jobs, agricultural inefficiencies, utility rate increases, higher taxes, and reduces quality of life. This is a major impediment to a county and state that strives to improve quality of life, skill up our workforce, attract talented people and grow its population.”²¹

Impact on small businesses and rural economic development: Many initial comments point to the lack of broadband internet access in rural areas and discuss how this lack thwarts economic development:

- “[T]he lack of true broadband access negatively impacts my professional life and ability to generate needed income.”²²
- “The largest deterrent to progress and growth in rural communities is (and will continue to be) broadband infrastructure.”²³
- “My location has access to only ONE internet provider and the service is extremely slow. So slow that we can't stream content, send large attachments or download large files. This is 2018- why can't high speed Internet service be available to EVERYONE in the State of Indiana? If the state government wants our people to help the state grow we need to have high speed internet service for everyone, not just the more populated areas of Indiana.”²⁴

¹⁸ Comments of Patricia Wilkinson.

¹⁹ Vince Frazier Frazier Aviation LLC, a Team Rocket authorized distributor.

²⁰ James Hert.

²¹ Brown County Broadband Task Force.

²² Kirk Janowiak.

²³ Mayor, City of Columbia City.

²⁴ Richard Cain.

- “I would applaude (sic) any efforts to bring better service to our [Brown] county. I believe it would attract many more skilled people and companies to our area and overall be very good for our economy.”²⁵

Importance of maintaining and investing in the network: Those communities that rely on incumbent local exchange carriers’ network for broadband (typically digital subscriber line service that is offered over the ILECs’ copper network) depend on well-maintained copper networks.

- “Bad care of the buried and aerial and buried facilities will not provide for dependable broadband to rural communities. And I see no improvement in the future.”²⁶
- “I am paying for a Century Link 25 meg DSL line, but its reliability is terrible. The connection (via a Century Link bonded router) is quite variable. Sometimes all the speed that we get, if any, is in the 3 to 6 meg range. Then after several days, it goes back up to the “paid-for” 24 – 25 meg range. And there is no communication as to why. ??? When Customer Service is called, they promise that a tech will be out on a certain date to fix things, but they never show. This service is terrible, but we live out in the country and they are the only show in town (except for satellite services). We need affordable and accessible options for high speed service in the rural 46181 area.”²⁷

Broadband internet access facilitates civic engagement: One of the benefits of broadband internet access to older persons is that it facilitates civic engagement.

- “My husband and I are in our mid-seventys (sic), and it is difficult for us to visit the State House. I recently watched the live session of the legislative special session. That sent us over our [cell data] limit, and I had to pay additional amount. Please help us get reasonably priced faster internet connection.”²⁸

Global comparison: Initial comments point out that rural communities in other countries are connected to high-speed internet.

- “We need to catch up with the rest of the world. I have stayed in remote areas of England, Ireland, Austria, and Germany. And had no problem with high speed internet.”²⁹

Any other matter concerning universal service reform that the Commission considers appropriate.

²⁵ Anne & Steve Miller, Anne Ryan Miller Glass Studio.

²⁶ John Kress.

²⁷ Terry Fenimore, PE.

²⁸ Sue Lopez.

²⁹ Dennis Berkemeier.

AARP Indiana encourages Commission staff, as it proposes possible reform to the IUSF, to consider additional aspects of broadband policy for Indiana.

The problem of high prices: Many comments raise concerns about the price for broadband internet access and observe that there is insufficient competition in the broadband market. AARP Indiana acknowledges that the IURC lacks the authority to regulate broadband prices, but it is nonetheless important to recognize that price can be a barrier to adoption. Direct subsidies to low-income households (as under the federal Lifeline program) can help make broadband service more affordable. Competition, where sustainable on an unsubsidized basis, also helps keep broadband prices in check. A recent report finds that prices on municipal broadband systems are often lower and more stable (i.e., rely less on promotional rates) than commercial offerings. State policies should be supportive of providers subject to local control and with less pressure to generate high profits, such as municipal and rural electric cooperative providers.

The comments reflect these concerns:

- “We need either a highly competitive system with multiple providers to drive costs down, or we need a government managed system that controls price. The current monopoly situation is too expensive for everyone!”³⁰
- “There is a need for affordable, rural, fast internet connection in our state. I pay \$92 a month for only internet connection from Comcast. I use the internet for my job and only pay this because there simply is no alternative available in my area. Comcast has been allowed to have a monopoly, even though these are supposed to be illegal in our country. If there is no viable competition, they can charge whatever they want and get away with it. I’m fortunate to be able to pay their cost right now but many cannot and I don’t know that I will be able to forever. With all of our technology in today’s world, you would think that this could be offered at a more affordable price to all in rural areas.”³¹

Some proposals are rational, but unfortunately are inconsistent with the IURC’s regulatory jurisdiction. For example, one commenter complains about pricing practices that penalize the customer who wants to purchase stand-alone broadband internet access and not a bundle that also includes video programming and phone services.³² AARP Indiana agrees that customers should not be penalized for seeking broadband as a stand-alone service, but we also recognize that state law has limited the IURC’s jurisdiction over the pricing practices of broadband providers.

Census-block-based eligibility under the FCC’s Connect America Fund fails to address many rural broadband gaps: The Brown County Broadband Task Force raises an important concern regarding the FCC’s reliance on census blocks to determine eligibility for federal

³⁰ Dennis Savaiano.

³¹ Krista Smith.

³² Lisa Trigg.

funding – if one person in a census block has access to broadband (and no one else does), the census block is not eligible for the federal Connect America Fund support.³³

Similarly, the Jackson County REMC states:

The Connect America Fund relies on the census block designations by the FCC to determine where capital should be allocated; as such, because the census block data deems an entire block to be served by high-speed internet if one resident of that block has access to high-speed internet, large swaths of communities otherwise lacking in broadband access are shut out of consideration for capital investment (as funding cannot go towards areas already deemed served). As dollars cannot be allocated towards those census blocks already “served,” this restricts both the scope of deployment projects and amount of funding available. Jackson County REMC initiated the process for the reverse bidding process for available CAF II funds, but unfortunately, the requirements for access to these funds excluded us from the bidding process.³⁴

Challenges specific to the older population: AARP Indiana brings the perspective of older persons to this proceeding. Broadband adoption among older people lags adoption by the general population: Averaged across all persons 65 and older of all incomes, and based on data released by the Pew Research Center on February 5, 2018, 66% of these older adults use broadband internet access, and 50% have broadband internet access in the home.³⁵ (The Pew Center measures the percentage of the population that access the internet and separately measures the percentage of the population that has broadband internet access at home. Some people use broadband although they do not have broadband Internet access at home – for example, they may use the broadband internet access in a library, community center, friend’s home, or relative’s home.) AARP Indiana understands that the primary focus of the IUSF study concerns broadband deployment but urges state policy makers also to consider ways to encourage and facilitate broadband adoption.

Older people lag behind the general population in broadband adoption. Table 1 is based on the information in the Pew Research Center’s February 2018 report and shows that broadband adoption is lowest among older adults.

³³ See also the comments of the Indiana Farm Bureau stating: “We support efforts by Indiana to verify the accuracy of the data and urge that Indiana take a serious look at updating the maps for broadband deployment so that the state and broadband providers can target their resources to the areas that truly need an investment in broadband infrastructure.” Justin T. Schneider, Director, State Government Relations, Indiana Farm Bureau.

³⁴ Jackson County REMC. See also comments of Noble County REMC: “The Connect America Fund supports only a few areas within our disadvantaged rural communities. The FCC unserved and underserved mapping is not the real picture in our area. Intermittent DSL is not adequate high-speed internet service in today’s definition of broadband.”

³⁵ “Internet/Broadband Fact Sheet,” Pew Research Center Internet & Technology, February 5, 2018 (“Internet/Broadband Fact Sheet”), <http://www.pewinternet.org/fact-sheet/internet-broadband/>.

**Table 1
Broadband Adoption by Age Segment³⁶**

| Broadband Adoption | 18-29 | 30-49 | 50-64 | 65 and over |
|--------------------------------|--------------|--------------|--------------|--------------------|
| Percent Using Broadband | 98% | 97% | 87% | 66% |
| Percent with Broadband at Home | 67% | 70% | 68% | 50% |

The adoption rate is highest in the younger segment of the older population and declines as age increases, as shown in Table 2 (which is based on a Pew Research Center report released in May 2017):

**Table 2
Broadband Adoption Among Older People (all incomes)³⁷**

| Broadband Adoption | 65-69 | 70-74 | 75-79 | 80 and over |
|--------------------------------|--------------|--------------|--------------|--------------------|
| Percent Using Broadband | 82% | 75% | 60% | 44% |
| Percent with Broadband at Home | 66% | 61% | 41% | 28% |

Affordability is a significant factor in broadband adoption among older consumers (adoption declines with lower income levels).

**Table 3
Broadband Adoption by income level (Persons 65 and older)³⁸**

| Broadband Adoption | < \$30K | \$30-50K | \$50-75K | \$75K and over |
|--------------------------------|-------------------|-----------------|-----------------|-----------------------|
| Percent Using Broadband | 46% | 67% | 90% | 94% |
| Percent with Broadband at Home | 27% | 50% | 75% | 87% |

Broadband in Indiana – the status quo

Broadband adoption in Indiana lags behind the national average

Table 4, which is based on the most recent information regarding broadband adoption published by the FCC, shows that Indiana’s broadband adoption rates lag behind national averages. With respect to adoption of download speeds of 10 Mbps, as of December 31, 2016, the adoption rates in Indiana and in the United States were 58.5% and 66.2% respectively, and for adoption of

³⁶*Internet/Broadband Fact Sheet*. The Pew Research Center states regarding its adoption numbers over time: “Note: The Center has used several different question wordings to identify broadband users in recent years, which may account for some variance in broadband adoption figures between 2015 and 2018. Our survey conducted in July 2015 used a directly comparable question wording to the one conducted in January 2018.”

³⁷ “Tech Adoption Climbs Among Older Adults,” Pew Research Center, Internet & Technology, by Monica Anderson and Andrew Perrin, May 17, 2017 (“Tech Adoption Climbs Among Older Adults”) <http://www.pewinternet.org/2017/05/17/tech-adoption-climbs-among-older-adults/>.

³⁸ *Tech Adoption Climbs Among Older Adults*.

broadband download speeds of 25 Mbps, the adoption rates were 44.2% (Indiana) and 53.3% (United States).

Table 4
Overall Adoption Rate for Fixed Terrestrial Services: United States and Indiana (2016)³⁹

| | Fixed 10 Mbps/1 Mbps | Fixed 25 Mbps/3 Mbps | Fixed 50 Mbps/5 Mbps |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| United States | 66.20% | 53.30% | 44.20% |
| Indiana | 58.50% | 44.20% | 35.50% |

Participation in the Lifeline Program in Indiana lags behind the national average

On March 21, 2016, the FCC adopted reforms to the Lifeline program in its “2016 Lifeline Modernization Order” with the intent of undertaking a “transition from primarily supporting voice services to targeting support at modern broadband services.”⁴⁰ Federal Lifeline support for voice services will sunset, and the Lifeline program will only provide support for the purchase of broadband as of December 1, 2021,⁴¹ with a gradual shift of the \$9.25 monthly subsidy to support only broadband service.⁴²

The Universal Service Administrative Company (USAC) provides state-specific data regarding Lifeline participation. Table 5, which is intended to be illustrative, shows that participation by eligible households is lower in Indiana (23%) than the national average participation (28%) and significantly lower than in some states (e.g., 41% in California, 38% in Oklahoma, and 33% in Michigan).

It is important to increase participation by eligible Indiana households in the FCC’s Lifeline Program so that as the Program transitions to broadband internet access support, all households, regardless of income, can participate in the internet-based economy.

³⁹ In the Matter of Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, GN Docket No. 17-199, 2018 Broadband Deployment Report, Released: February 2, 2018., Appendix H.

⁴⁰ In the Matter of Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support; and Connect America Fund, WC Docket Nos. 11-42;09-197; and 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, rel. April 27, 2016 (FCC 16-38)(“FCC 2016 Lifeline Modernization Order”), para. 6.

⁴¹ Voice support of \$5.25 per month for standalone (or “voice only”) voice services will continue in census blocks with just one Lifeline provider. 2016 Lifeline Modernization Order, at para. 48, 52. Broadband support can be for either mobile or fixed broadband services. Id., at para. 50.

⁴² FCC 2016 Lifeline Modernization Order, at para. 64. This is not support in addition to broadband service. Instead, the consumer must choose voice or broadband support. However, do note that the FCC allows support for bundled services, for example a mobile telephone plan that includes both voice and data. Id., at para. 68. The following web page outlines the minimum service standards and support amounts for voice and broadband support and the eligibility requirements as adopted in the 2016 Lifeline Modernization Order:

<https://www.fcc.gov/general/lifeline-program-low-income-consumers>.

Table 5
Participation in the Lifeline Program: United States, selected states, and Indiana⁴³

| State | 2017 Average Lifeline Subscribers | 2016 Est. Lifeline Eligible Households ¹ | 2017 Est. Lifeline Participation Rate |
|----------------|--|--|--|
| Indiana | 178,786 | 789,563 | 23% |
| California | 1,784,110 | 4,400,944 | 41% |
| Michigan | 411,097 | 1,242,219 | 33% |
| Oklahoma | 190,077 | 498,593 | 38% |
| TOTAL | 10,719,875 | 38,960,375 | 28% |

Conclusion

In conclusion, AARP Indiana supports efforts to bring broadband at reasonable speeds to all Hoosier communities. Public monies should be used carefully. If the IUSF is used to support broadband deployment, AARP Indiana recommends that the monies be available to support deployment by municipalities and electric cooperatives. Also, the Commission should recommend that the Legislature permit an IUSF surcharge to be imposed on all services that support two-way voice communication, including broadband services.

AARP Indiana understands that this proceeding concerns the deployment of broadband to the rural areas of the state. AARP Indiana is hopeful that at a future time, the legislature and the Commission will also consider ways to ensure that broadband internet access is deployed throughout neighborhoods of all incomes in urban areas and that there are sufficient resources to assist older persons with digital literacy.⁴⁴

Pursuant to Part E of the Appendix A to General Administrative Order 2018-3, which states that “Commission staff may hold individual meetings with service providers, customer advocacy groups and other interested stakeholders, regarding topics that are not part of the Commission's Triennial Review of the IUSF in IURC Cause No. 45064,” AARP is prepared to meet with Staff to discuss its perspective on the importance of broadband deployment and adoption to older persons’ ability to age in place. AARP Indiana looks forward to reading Staff’s final report.

⁴³ <https://www.usac.org/li/about/process-overview/stats/participation.aspx>.

⁴⁴ AARP concurs with IBTA’s statement that “[d]igital literacy education programs to educate Indiana residents regarding the benefits and uses of broadband will increase broadband adoption rates and potential positive economic impact in communities, especially in rural areas.”

Respectfully submitted,

A handwritten signature in cursive script that reads "Sarah Waddle". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Sarah Waddle
AARP Indiana State Director